4:Grajdanzev--105-106 S-4 (no date) 1942 Formosans
116, 376, 457, 177.71 Japan
636.71

"Cheap water power is an important asset to Taiwan in all plans for its industrial development. Prior to 1930 it was estimated that the twenty-three major streams can produce as much as 1,040,000 kw., but, according to Takahashi, recent estimates put the capacity at a much higher figure—about two million kw. Of this about 230,000 to 240,000 kw. was utilized in 1939. Development before 1933 was slow. In 1919 the capacity was 10,000 kw.; in 1933, about 40,000 kw. But in 1930-31 a project was worked out for the utilization of Jitsugetsutan (Lake Candidius), a lake in the mountains in the centre of the island located 726 m. above sea level. The project was elaborated chiefly for the purpose of creating an armament industry (1) but there was no money to finance it, so work on the

1. That the primary motives were military is definitely stated in Taiwan Jijo, 1939, p. 418, and Sekai nenkan, 1939, p. 177.

project stopped. Finally, money was found in the United States, where in July 1931 a loan of US $22,800,000 or ¥45,737,210 was arranged. In October 1931 work was resumed and in 1934 the project was completed. In July [106] 1937, a second project was finished at the same lake."

4:Grajdanzev--126 [21 S-4 (no date) 1942 Formosans
116, 435, 453, 457

"The foremost position is occupied by the Taiwan Bank, a private corporation in charge of the monetary system of Taiwan. The great difference between the deposits of this bank and its loans is explained by the issue of banknotes, one of the many ways by which Japanese capital in Taiwan is created. The issue of notes, the reserves of gold and of foreign exchange kept by this bank, as well as the movement of wholesale prices in Taihoku. the capital, may be seen from the table on page 127.

In six and a half years the issue of notes increased three and a half times, the gold and foreign exchange reserve evaporated in the same period, and in the five years 1933-38 wholesale prices increased by about fifty per cent."

4:Grajdanzev--155-156 S-4 (no date) 1942 Formosans
116, 167, 457, 484, 563, 871, 177.43 Japan
636.43

"One must, however, consider the invisible items in the balance of payments. The Chinese of the island rarely emigrate from Taiwan; as we have [156] already seen, the number of islanders living abroad is negligible. There are about 1,300-1,500 Taiwanese students in Japan proper, but their support by their parents and relatives can hardly cost more than one million yen a year——a small quantity in comparison with the figures involved. The islanders do not travel abroad, they have no investments abroad from which they draw income and there are only a few foreigners on the island, so that the general picture of an island having economic connections exclusively with Japan remains undisturbed."

4:Grajdanzev--156 S-4 (no date) 1942 Formosans
116, 453, 457, 563

"We have statistics of domestic and foreign postal money orders for Taiwan. Without exception each year the amount of money orders issued in Taiwan is above the amount of money orders paid in Taiwan. The difference indicates approximately the net remittance by the Japanese in the case of domestic money orders (an order on Japan is regarded as a domestic order in Taiwan), and by the Chinese in the case of foreign money orders. The average amounts for the last 5 years (1933/34-1937/38) are as follows:

	Issued	Paid	Balance
Domestic money orders (1,000 yen)	32,207	19,880	—12,327
Foreign money orders (1,000 yen)	467	96	— 371

Source—Financial and Economic Annual of Japan, 1938.

For the last 5 years the average balance of postal money orders in favor of Japan was 12,327,000 yen while that to the advantage, presumably, of China (1) was only 371,000 yen. There is nothing astonishing in this because the Chinese working in Taiwan who are the citizens of China are either workers or petty traders and, of course, none of them are employed in governmental service. These are statistics of postal money orders, not of bank remittances, but there is no reason to suppose that the situation with respect to the latter is different."

1. We say 'presumably of China' because it is difficult to find any other foreign country to which an average of 16,000 remittances are made annually from Taiwan.

4:Grajdanzev--156-158 S-4 (no date) 1942 Formosans-1- 3
116, 457 177.45 Japan
636.45

"The trade balance of Taiwan with all countries other than Japan is usually 'passive', but this trade also does not present a special problem. If Taiwan, for example, bought beans from Manchuria for 20 million yen and sold goods to Japan to the [157] value of 80 million yen, we may consider that this means that value of 80 million yen worth of goods were sold from Taiwan to Japan. The freight payments which accrue chiefly to the Japanese need not trouble us because they are included in Taiwan's statistics of imports and excluded from the statistics of exports. Thus we find the commodity balance of trade almost exactly measures the amount of profits and other earnings of the Japanese individuals, companies, and the government-general which they put at the disposal of Japan proper(1). Invisible items of the balance of payment with foreign countries do

1. Actually the profits derived by Japan from Taiwan are even greater, because (a) the gold produced in Taiwan and sent to Japan is not included in the trade statistics and (b) there was very active smuggling by Japanese of goods from Taiwan to Chinese ports, estimated by Japanese authors at several million yen a year.

not complicate the picture. Naturally, there is not an exact correspondence between the amounts transferred to Japan and the balance of payments from year to year and especially from month to month; more goods may be sent this year than there are

profits and savings transferred, but in the following year the situation will be reversed if the normal functioning of the financial mechanism is to continue.

Let us now look at the balance of payments of Taiwan. In the first thirteen years of the Japanese administration (1896-1908) the balance was usually passive and the net aggregate amount of these passive balances was 31,655,000 yen (after deduction of active balances). It is fair to assume that this sum approximately represents net Japanese investments in Taiwan—a sum for which no equivalent was received up to 1908. Since that time the balance has been active. Admittedly, these investments do not include Japanese expenses of military occupation. But these were taken care of by the huge indemnity paid by China to Japan after the war of 1894-1895. This indemnity, as is well known, was in excess of the cost of war to Japan.

Active Trade Balance of Taiwan (1,000 Yen)

	Aggregate	Annual Average		Aggregate	Annual Average
1909-1913	26,384	5,276	1929-1933	354,672	70,934
1914-1918	167,117	33,423	1934-1938	481,642	96,328
1919-1923	212,148	42,430	1939	184,289	184,289
1924-1928	382,971	76,594			
			Grand Total	1,809,223	

[158] Thus from an annual average of 5.3 million yen in 1909-13 the active balance of Taiwan rose to 96,328,000 in 1933-1938 and reached a peak of 184,289,000 in 1939. In

many cases the trade balance cannot serve as a good indicator of what a country pays to others for foreign investments. However, the case of Taiwan is different. The items complicating the balance of payment as apart from the commodity balance are almost absent here. There are few islanders abroad and there are few foreigners (except the Japanese) in Taiwan. There are no other foreign investments (other than the Japanese) on the island worthy of consideration. The islanders do not travel abroad, the foreigners do not travel in the island. Almost all economic relations are with Japan; the economic relations with other countries, insofar as they exist, are taken care of in the balance of payments."

4:Grajdanzev--158 S-4 (no date) 1942 Formosans
116, 457, 563, 661, 177.43 Japan
636.43

"Of course, some part of the [trade--analyst] balance is made up by the remittances of the Japanese on the island to Japan-proper, remittances which may be presented as 'earned income' and not an income from investment. However, the thousands of Chinese citizens who reside on the island remit home to China only paltry sums. They are unable to earn as much as the Japanese, mainly because the privileged position of the Japanese is the result of the colonial status of the island. The services performed now by the Japanese in most cases could be as well performed by the islanders, but their part is to be servants of the ruling nation. It should be clear than that this 'earned income' can be considered as a special form of the general income from the colonial exploitation of the island."

4:Grajdanzev--158-159 S-4 (no date) 1942 Formosans
116, 171, 457, 477, 661, 177.43 Japan
636.43

"The usual explanation of Japan's ability to obtain year after year tens of millions of yen worth of goods over and above what is sent from Japan to Taiwan is that this balance represents the interest on Japanese capital invested in Taiwan and the profits of the Japanese businessmen there. But a closer analysis of the figures given above reveals that this explanation is not satisfactory. It is important to understand that we are concerned here with investments and the returns on them, not from the point of view of an individual, but from the point of view of two regions——Taiwan and Japan. From 1896 to 1908. [159] inclusive, Japan sent goods to the value of 31,655,000 yen over and above her imports from the island and this represents her real outlay in the colony. She now receives from Taiwan sums which in every year since 1914 have been greater than this original 31,655,000 yen; which in every year since 1924 have been more than twice as great; and which in every year since 1934 three times as great, and in 1939 were six times as great as the original sum. Is this the legitimate interest on capital and profits of the entrepreneurs which are due to their energy, foresight and managerial ability?

Of course, we know that high profits are made not only in Taiwan, but, say, in the United States as well. Does this fact refute our thesis of exploitation? In no way. The existence of monopolies in the United States is a fact known to all. However, these monopolies are not permanent. Some of them appear, some disappear, every year."

4:Grajdanzev--159 S-4 (no date) 1942 Formosans
116. 457, 652, 661. 177.43 Japan
636.43

"For our purposes it is irrelevant whether all or only a few of the Japanese firms on the island make high profits; whether there are bankruptcies among them or not. We are concerned here with Japan's position in Taiwan as a whole. The existence of the Japanese firms on the island which make less than 10 percent on the invested capital, of the Japanese entrepreneurs who fail and the Japanese adventurists who return to Japan disappointed and disillusioned does not refute our thesis. It was shown in some detail above that beside investment profits as such there is derived from Taiwan the income of Japanese officials, and income originating in taxation, monopolies, fines, etc., most of this due in the last analysis to one source—Japan's colonial power. All this brings us to the conclusion that the active balance of Taiwan's trade represents mostly an unusually high degree of exploitation of the Chinese on the island by the Japanese government and industrialists.

To those who ask whether the colonies are profitable or not, it may be said that the ruling group of Japan knows that they are. They are able in Taiwan to support 300,000 Japanese on a much higher level than those Japanese would enjoy in Japan and in addition to extract profits of more than 100 million yen a year."

15: U.S. Navy--31 [2] (no date) 1944 Formosans
116, 563, 262, 463, 457

"The Japanese diet is simple. Rice is the staple with a garnish of pickle or fish and bean paste soup. Most Japanese are managers of large enterprises, government officials or wholesale businessmen, settled in and around the large cities. They have created a large number of hotspring and recreational resorts. There are few Japanese of great wealth with permanently established residences in Taiwan, for the work of the majority is the creation and transfer of wealth from Taiwan to absentee proprietors in Japan Proper."

both in yield per acre and in total amount, so there is at present not only a sufficient supply to feed the increased population, but also a substantial amount for export.

United States aid appropriations for China from 1951 to 1954 was as follows:

1951	US$	98,034,000
1952		81,479,000
1953		105,503,000
1954		111,821,000
	US$	396,837,000

In fiscal year 1955, the allotment totaled US$102,000,000, distributed among the following programs:[13]

Military program	US$	37,000,000
Commodity aid		34,000,000
Industrial construction		28,000,000
Technical assistance		3,000,000
	US$	102,000,000

From the disorganized and demoralized condition of Formosa in 1949, the joint Chinese

13. As reported by Martin Wong, Secretary-general of the Council for U.S. Aid on Aug. 12, 1955.

435
459 It should be noted that price levels have risen 700 per cent and the amount of notes issued has increased 2,600 per cent. Similarly foreign exchange has not depreciated to the same extent as the increase of money in circulation. The official exchange rate[5] for US dollars has increased from NT$5 to NT$24.78; the market rate[6] for US dollars has increased from NT$7.82 on December 31, 1949 to NT$37.50 on November 6, 1955.

458
652 The pressure of inflation on the economy of Formosa has been alleviated by a number of factors. The enormous growth in population and industrial expansion tend to absorb a part of the increased money supply. The government controls an abundant reserve of rice, wheat flour, and other essential goods, which may be used to stabilize prices. The depreciation of the external value of the currency has been partially offset by aid from the United States and the personal expenditure of United States advisory personnel in Formosa.

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5. The 1955 figure includes the bank exchange rate of NT$15.65 plus 20 per cent defense tax (NT$3.13) plus the certificate price of NT$6.00.

6. United Press dispatch, Taipei, Nov. 6, 1955.

443 established stores and shops, provided one has skill in bargaining. Some operators at times manage to sell their items at high prices to unsuspecting customers.

II. FOREIGN TRADE

439 459 Foreign trade has had a stimulating effect upon the economic life of Formosa. The island must export its surplus products to afford the necessary imports of materials vital to its industrial and consumption needs. Businessmen are particularly concerned about the timely arrival of goods from foreign exchange. A great part of a businessman's profit or loss is predicated on his ability to anticipate and take advantage of government changes in the rate of foreign exchange and trade control measures. To operate successfully in Formosan society, a foreign trader must not only have experience and intuition concerning the right time and place to buy and sell, but also must possess initiative, shrewdness, and influence.

Formosa's principal exports include such items as tea, salt, sugar, rice, canned pineapple, bananas, coal, and camphor. Formosa is dependent upon foreign countries for such articles as precision machinery, motor vehicles, raw cotton, gypsum, crude oil, chemical fertilizers, bauxite, wheat, dairy

45:Stanford U. S-4, 5 1956 AD1 Formosa
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products, modern medicines, and soybeans. If export commodities are not sold overseas, the prices of these articles at home may be adversely affected; delay in the arrival of, or restrictions on, imported commodities may cause prices in Formosa to rise; and price changes of import and export commodities may cause a sharp increase in the prices of domestic goods. Shrewd manipulators take advantage of these market conditions to increase their profits. For the economy of Formosa to function and prosper, a stable and efficient system of import and export is imperative.

A. General Position of Trade

In terms of volume, the recent history of Formosa's foreign trade is characterized by a rapid expansion during the two decades preceding 1940, a sudden drop immediately after World War II and a gradual increase since 1945. In prewar years, a constant positive trade balance had accumulated; the postwar years have produced a persistent trade deficit, which in large has been met by aid from the United States.

Japan, the United States, Hong Kong, and Britain have been the most important trade partners of Formosa in the postwar years:

45:Stanford U. S-4, 5 1956 AD1 Formosa
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Formosan Trade, 1953*
(per cent)

Country	Export to	Import from
Japan	45.55	30.63
United States	4.18	38.67
Hong Kong	8.19	5.74
Britain	6.67	4.11
Egypt	3.46	1.61
Netherlands	3.05	3.11
Straits Settlements and Federated Malay States	7.89	1.57
Arabia	2.24	2.57
Other countries	18.72	11.99
Total	100.00	100.00

* The Inspector-General of Customs, The Trade of China, 1953, Taipei, 1954, Chart 4.

Currently, annual trade amounts to about 300 million American dollars whereas the annual trade in the years 1935-37 was about 200 million dollars.[5] When adjusted to prewar

5. Ministry of Economic Affairs, Republic of China; Navy Department, Civil Affairs Handbook, Taiwan - Economic Supplement, Washington, D.C., 1944, p. 72.

prices, current trade is still below the prewar level. Many reasons account for this change, but in the main it is caused by a transfer in the management of the island's economy. The Japanese exploited Formosa as a colony, and thus there was a constant flow of goods from the island, creating a trade surplus. The favorable trade balance was based on Formosa's position as an agricultural colony of Japan. The present administration, with aid extended by the United States, is endeavoring to build an independent and self-sufficient economy for the welfare of the people on the island. The recent announcement of Hsu Po-yüan, Minister of Finance, that the island will launch its second Four-Year Economic Plan in 1957 indicates an intention to continue present policy. This, in effect, means that the government will attempt to minimize foreign expenditures and increase foreign earnings while efforts are made to balance domestic production and consumption. As far as foreign trade is concerned, this in no way means the reduction of Formosa's dependence on the outside world. To continue the development of its textile industry, the island still requires imported raw material amounting to over US$20,000,000 annually. The swiftly expanding fertilizer industry depends on the import of phosphate, and the flour industry relies heavily on the import of wheat. The same applies to the petroleum refining industry, which would

439 probably have to cease operation if the import
459 of crude oil stopped. However, it is clear that the import of raw materials instead of manufactured goods will tend to decrease the total value of import expenditure. To a certain extent, world market conditions and production costs in Formosa also account for the low rate of trade in recent years.

The most important exports of the island have been sugar and rice. In 1954, sugar export accounted for 60 per cent of the total foreign exchange, and rice for about 8 per cent. Tea export was third in volume before 1954; in 1954 it accounted for nearly 10 per cent of the total export. Next in importance are bananas, salt, canned pineapple, coal, and citronella oil, each accounting for from one to five per cent of the total exports in various years.[6]

Import commodities in 1954 were listed by the ministry of economic affairs in the following order of value: machinery and tools, metals and metal products, chemical fertilizers, raw cotton, wheat and flour, and soyabeans, each valued at from US$14,000,000 to US$25,000,000; crude oil and gasoline, medicines,

6. Ibid.

439 ships, motor vehicles and parts, wool and
457 artificial fabrics, fat and wax, chemicals, and salted and dried fish, each valued from US$3,000,000 to US$11,000,000. In recent years, imports of investment goods and industrial raw materials have been increased, while consumer items have been greatly decreased.[7]

Increased activities in industrialization and an expanding population in the last seven years have necessitated a rising volume of imports; exports have failed to keep pace. The following table presents a picture of the situation:

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7. Ibid.

439 459 The government has established in the past years a set of schemes for control of foreign exchange and trade flow to prevent the flight of capital abroad and reduce the trade deficit.[8]

B. Trade and Foreign Exchange Controls

The Foreign Exchange and Foreign Trade Screening Committee of the Executive Yuan is charged with the duties of determing foreign exchange and foreign trade measures and of examining the use of foreign exchange. The committee functions only as a screening and licensing unit; the Bank of Taiwan is the only organization on the island given authority to engage in foreign exchange business. All imports by public enterprises or private firms, with few exceptions, must be licensed,[9] and the issuance of an import license carries with it approval for the allocation of necessary

8. Trade deficit here is viewed from an overall economic standpoint. Frequent reports indicating a favorable trade balance only relate to commercial import as compared with export.

9. The exceptions are: imports by the International Co-operation Administration Mission to China, official supplies and personal effects of foreign consulates and diplomatic personnel, commercial samples, etc.

439
457 foreign exchange.

Before arranging for shipment of exportable goods, exporters must make a declaration of value in terms of foreign currency to the Bank of Taiwan. If the sales price is not at least equal to the floor price set by the bank, a separate appraisal by the customs is required. Exporters are required to surrender their export proceeds in foreign exchange to the Bank of Taiwan, receiving in return foreign exchange deposit certificates and New Taiwan dollars at the bank rate; the proportion between two methods of payment is determined by the bank. The deposit certificate are negotiable for ninety days after the date of issuance. Upon expiration, the certificate must be resold to the bank at an officially determined price. The current price[10] amounts to a total exchange rate of NT $24.66 per US $1, figured on the basis of an official exchange rate of NT $15.50 per US $1 plus a "certificate price" of NT $6 per US $1 and a defense tax equivalent amounting to 20 per cent of the existing exchange rate. However, nearly all exporters negotiate the certificates on the open market where a "certificate price" of NT $16-17 per US $1 raises the total exchange rate[11] of the

10. Regulations Governing Measures Pertaining to Sales and Purchase of Foreign Exchange, promulgated on October 22, 1955.

11. The Central Daily News, Nov. 28, 1955.

439 certificate to NT $34-35 per US $1. Certificates
459 bring high prices on the open market because importers must submit certificates in amounts equivalent to the foreign exchange alloted them by the licensing authorities. The supply of certificates is always less than the demand since there are more importers than exporters and because export-import traders often retain their own certificates against import requirements. If the exporter holds the certificate beyond ninety days, however, he suffers a loss amounting to the difference between the open market and official certificate price. An exporter cannot convert all his foreign exchange proceeds at the market rate since he receives only a part of them in certificates -- in the case of sugar, 80 per cent; and bananas, 50 per cent. On the portion of his foreign sales for which New Taiwan dollars are issued, the exporter sustains a loss amounting to the differences between the exchange rates.

Licensing of imports is carried out within an "import budgeting system," in which the authority announces an import budget once every two months covering imports for the following two months. Each budget specifies what commodities are to be imported and allocates to each commodity a specific amount of foreign exchange. An importer must be

439 duly registered with the government, and he is permitted to apply for permission to import only one kind of commodity during the budget period. Also, a maximum is set on the amount of foreign exchange any one importer may be allotted. The foreign exchange aportioned against any single commodity during a given period may be so small that when it is divided among a number of importers none is assured of a reasonable profit. Some importers sell their import licenses at prices ranging from NT $23,000 to NT $27,000, the cost of import[12] for the buyer of the license will be increased by an amount ranging from NT $11.50 to NT $13.50 per US $1. There exists an acute shortage of foreign exchange in spite of the fact that the government at times engages in the sale of foreign exchange deposit certificates in the open market. A private importer must pay NT $15.65 bank exchange rate at the Bank of Taiwan, plus 20 per cent as defense tax, and must submit the equivalent foreign exchange in deposit certificates. Government enterprises are not required to submit the certificates but must pay the official certificate price of NT$6 to US$1. Thus, the government enterprise is in a more

12. Ibid.

439 advantageous position than the private importer,
457 who has to buy certificates in the amount he needs at current market rates. In effect, government enterprises pay NT $24.78 per US$1 for import and private importers pay NT $34-35 per US $1. The actual rate at which private importers pay for their exchange is thus largely affected by the current market price for the certificates and by the cost of fees that may be necessary to secure additional import licenses.

In summary, trade control is primarily effected by the requirement that exporters and importers to do business must be duly registered with the government, which may refuse to register an applicant. In addition, export prices must be in line with the price determined by the Bank of Taiwan; import is restricted by the import budget. In foreign exchange control, the foreign exchange deposit certificate system is implemented by the partial relationship maintained between export and import and by the existence of multiple exchange rates. As well as the official rates for import and export, there exists a black market rate[13] for American

13. Tzu-yu Chung-kuo Pao [Free China Daily], San Francisco, Nov. 7, 1955.

439 notes -- about NT $38 per US$1. There also
457 is a "preferential" rate of NT $34 per US$1 for cash or remittances surendered to the Bank of Taiwan by American personnel and by visiting overseas Chinese.[14]

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14. Courtesy of Professor Li Ch'ao-ying of National Taiwan University.

48: Chen E-4 (no date) 1955 AD1 Formosa AD1

rates of birth and death were more and more equalized. The difference between the highest and the lowest birth rate among different localities was 13.4 per 1,000 in 1906, but had fallen to 8.5 per 1,000 in 1935; the difference between the highest and the lowest death rate among different localities was 32.6 per 1,000 in 1906, but it was only 8.9 per 1,000 in 1935 (see Table 4, cf. 1: p. 169).

Table 4: The Highest and the Lowest Birth Rate, the Highest and the Lowest Death Rate of Different Prefectures of Taiwan in Selected Years (Rate: per 1,000 population)

		1906		1935				1906		1935	
Birth Rate		Whole Province	39.3	Whole Province	45.2	Death Rate		Whole Province	34.0	Whole Province	20.5
	The Highest	Nanto Prefecture	47.7	Tainan Prefecture	48.1		The Higheat	Chiai Prefecture	52.9	Taitung Prefecture	24.4
	The Lowest	Yansuika Prefecture	34.3	Taipei Prefecture	39.6		The Lowest	Hsinchu Prefecture	20.3	Penghu Prefecture	15.5
	Differece		13.4		8.5		Difference		32.6		8.9

Source: 10:1906, 1935.

13. *Agriculture and Industry*

To get primary agricultural products and processed agricultural products, especially rice and sugar, which Japan needed urgently, was one of the main policies of Japan in Taiwan. The colonial government had spent much of time and money for the promotion of the production of rice and sugar. They made various kinds of surveys, researches, and experiments, used the system of police and pao-chia for enforcement, and as a result, the outputs of rice and sugar had increased tremendously.

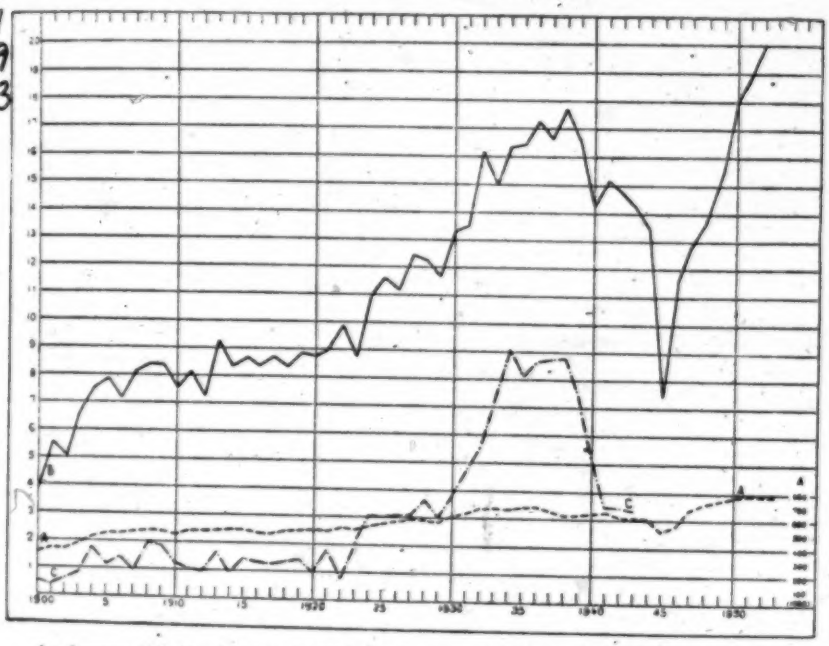
Among the various types of production in Taiwan, agriculture and manufacturing were the two main types, and the proportion occupied by forestry, fishery, and mining was rather small. In 1912, the value of the total output of all types of production amounted to 146,374 thousand yen. Among these, the proportion of agriculture was 63%, manufacturing was 32%, and the total of three other types (forestry, fishery, and mining) was only 5%. By 1942, manufacturing had developed fairly well, its production value had exceeded that of agriculture. The value of the total output of all types of production in 1942 was 1,515,627 thousand yen. Agriculture's share of this was 42%, manufacturing was 46%, and the total of three other types was 12%. Agriculture and manufacturing, the two main types of production, were again represented by rice and sugar respectively. The proportion of the value of rice to the total value of agricultural products was 59% in 1912, and 39% in 1942. The proportion of the value of sugar to the total value of manufactured products was 79% in 1912 and 42% in 1942. Considering these facts, it seems not unproper to take rice and sugar as representative of Taiwan production.

From figure 6 we can see, that in comparision with the increase of acreage of cultivation (line A), the increase in the output of rice (line B) was tremendously high.

48: Chen E-4 (no date) 1955 AD1 Formosa AD1

Productivity was raised by improvements in various aspects. The rapid increase in the output of rice from the 1920's was the result of the adoption of a new strain (Ponlai rice). By the 1930's, the production of rice in Taiwan was so large as to be twice its local demand, and the surplus rice was exported to Japan. Though the price of Taiwan rice was controlled by the Japanese government and the profit of trade in rice was mainly monopolized by big Japanese traders, the increase of production did have some benefits for Taiwanese, and no doubt, this contributed to the lowering of the death rate after 1920.

Fig. 6 Acreage of Cultivation, Amount of Production and Exportation of Rice, Taiwan, 1900-1953



A: Acreage of Cultivation (unit: 1,000 ha) B: Amount of Production (unit: 1,000,000 hectoliter)
C: Amount of Net Export (unit: 1,000,000 hectoliter)
Source, 1900-1948, from the Rice of Taiwan, 1949, Taipei.
1949-1952, from Taiwan Agricultural Yearbook, 1952, Taipei.

The condition of sugar was a little different from that of rice. The profit in sugar manufacturing was exclusively monopolized by the Japanese enterprisers. But it is undeniable that, in respect to the improvement of agricultural techniques and the raising of productivity, substantial effects were obtained.

As pointed out by W.S. Thompson, "underfeeding weakens the individual and renders him less resistant to disease, whether it be of the degenerative or of the germ